



FEDERAL ELECTION COMMISSION
Washington, DC 20463

Gregory Calhoun
Calhoun Enterprises
4155 Lomac Street
Montgomery, Alabama 36106

MAR 12 2019

Dear Mr. Calhoun:

On December 3, 2013, the Federal Election Commission found reason to believe that "Unknown Person F" and "Unknown Person F's Corporation" violated 52 U.S.C. § 30118. A Factual and Legal Analysis explaining the basis for the violation was approved at that time and is attached to this notification. On March 5, 2019, following an investigation, the Commission substituted your name and your company's name in place of "Unknown Person F" and "Unknown Person F's Corporation" in its previous reason to believe finding. On that same date, after considering the circumstances of the matter, the Commission determined to take no further action as to you and Calhoun Enterprises, and closed the file in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016), effective September 1, 2016.

If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter G. Blumberg".

Peter G. Blumberg
Acting Deputy Associate General Counsel

Attachment as stated

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of:)
3)
4 Unidentified Person F and) MUR 6766
5 Unidentified Person F's) (formerly Pre-MUR 554)
6 Corporation,)
7)
8 Respondents.)
9 _____)

10 **FACTUAL AND LEGAL ANALYSIS**¹

11 This matter concerns a scheme spanning seven years and involving more than 3,100
12 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay
13 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra
14 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'
15 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,
16 and personal credit card bills.

17 The available record — including the statement of facts supporting Congressman
18 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial
19 evidence that, by providing funds from a corporate account to pay the Jacksons' personal
20 expenses Unidentified Person F and Person F's Corporation² violated provisions of the Federal
21 Election Campaign Act of 1971, as amended (the "Act"). The Commission therefore finds
22 reason to believe that Unidentified Person F and Person F's Corporation violated the Act.³

¹ This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

² The Statement of Offense refers to several individuals and entities using only pseudonyms. At this time, the identities of Person F and Person F's corporation are unknown to the Commission.

³ See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in

1 **I. FACTUAL SUMMARY**

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating
4 back to 2005.⁴ The Statement of Offense supporting Congressman Jackson's plea describes a
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as
6 Co-Conspirator 1), and former campaign treasurers, among others, to divert funds from
7 Congressman Jackson's campaign committee, Jesse Jackson, Jr. for Congress, for his and Sandra
8 Jackson's personal use. Specifically, between approximately August 2005 and April 2012, the
9 Jacksons diverted approximately \$750,000 in campaign funds to pay for personal expenses.⁵

10 They obtained these funds through several means. First, between August 2005 and April
11 2012, the Jacksons used the Jackson Committee credit card to make approximately 3,100
12 personal purchases — including meals and entertainment, travel, and household items — totaling
13 approximately \$582,773.⁶ Second, between July 2007 and July 2011, Congressman Jackson
14 made direct expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay

cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”).

⁴ Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

⁵ Statement of Offense ¶ 11.

⁶ *Id.* ¶¶ 20-25.

1 down personal credit card debt.⁷ Third, between 2006 and 2012, the Jacksons, used an
2 intermediary to divert Committee funds and otherwise disguised transactions involving
3 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,
4 and purchase elk heads.⁸ Finally, the Jacksons also benefitted personally from payments made
5 by other individuals. In one instance, on or about April 15, 2011, Person F, the owner of an
6 Alabama company, issued a \$25,000 check from a corporate account controlled by Person F to
7 pay down the Jacksons' personal credit card debt.⁹

8 II. LEGAL ANALYSIS

9 The Act prohibits corporations from making contributions to candidates or their
10 committees in connection with federal elections.¹⁰ It also prohibits corporate officers from
11 consenting to, and candidates from knowingly accepting, corporate contributions.¹¹ Thus,
12 corporations may not make direct or indirect payments or gifts or provide "anything of value,"
13 including "in-kind contributions" to federal candidates.¹² For example, a corporation may not
14 pay for a candidate's personal expenses because doing so would be considered a contribution
15 unless the payment would have been made irrespective of the candidacy.¹³

7 *Id.* ¶¶ 16-19.

8 *Id.* ¶¶ 26-38, 46-53.

9 *Id.* ¶ 57.

10 2 U.S.C. § 441b(a).

11 *Id.*

12 2 U.S.C. § 441b(b)(2); 11 C.F.R. §§ 100.52(d)(1), 114.1(a)(1).

13 11 C.F.R. § 113.1(g)(6).

1 Here, Person F issued a \$25,000 check drawn on Person F's Corporation's account to pay
2 down the Jacksons' personal credit card debt. This payment was made at Congressman
3 Jackson's direction and there is no information to suggest that the payment would have been
4 made irrespective of Congressman Jackson's candidacy.¹⁴ Nor is there information suggesting
5 that the payment was *bona fide* employment compensation.¹⁵ The Commission therefore finds
6 reason to believe that Person F's Corporation violated the Act by making prohibited corporate
7 contributions.¹⁶ Because Person F was the corporate officers who issued the checks, the
8 Commission also finds reason to believe that Person F violated the Act by consenting to the
9 making of prohibited corporate contributions.¹⁷

10 **III. CONCLUSION**

11 For the reasons discussed above, the available information — and in particular the factual
12 basis supporting Congressman Jackson's guilty plea — credibly sets forth facts supporting a
13 reason to believe that Unidentified Person F and Person F's Corporation violated the Act and
14 Commission regulations.

¹⁴ Cf. AO 2000-08 (Harvey) (gifts to candidates for personal use are contributions subject to the Act's limits and prohibitions).

¹⁵ See 11 C.F.R. § 113.1(g)(6)(iii).

¹⁶ 2 U.S.C. § 441b(a).

¹⁷ *Id.*